

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, AUGUST 11, 1994

Chairman Tull called the meeting to order at 1:35 p.m. at the Campbell's Resort Hotel, Chelan, Washington.

MEMBERS PRESENT: **ROBERT M. TULL; PATRICK GRAHAM; ARDITH DIVINE and EDWARD HEAVEY; and Ex Officio Member SEN. MARGARITA PRENTICE.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHARON TOLTON, Assistant Director, Special Operations; CALLY CASS-HEALY, Assistant Director, Licensing Operations; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; CARRIE SUTHERLAND, Special Assistant, Public Affairs; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said the detailed budget overview will be tomorrow, and that the summary was given this morning at the study group meetings.

STAFF REPORTS

AGENCY BUDGET

Director Miller said he will be presenting the budget proposal for the 1995-97 biennium. Final action on the budget will be taken tomorrow. **Chairman Tull** asked the commissioners if they had questions on the budget today. **Commissioner Graham** asked about the amount being spent presently on problem gambling; **Director Miller** said there is a personal services contract between the agency and the Washington State Council on Problem Gambling at the rate of \$60,000 per year, which does not include Sharon's time, which would probably bring the amount to approximately \$62-63,000 per year. This figure will increase to \$100,000 per year in the new budget. This goes directly to the Washington Council on Problem Gambling. **Commissioner Graham** said the original intent of the agency's involvement with the Council was to refer people, and now the role has changed. **Director Miller** said yes, the agency is putting money into assisting the state council in educating the public and give them avenues of contact for help. This money goes to allow for training of caregivers, it allows the Council to pay for their administration, to help them distribute information in addition to what the Commission gives out to reach problem gamblers. He said this proposal is consistent with the agency's responsibility to help those in its jurisdiction, which is where majority of problems are.

Commissioner Graham asked how many people with gambling problems are seeking help; **Ms. Tolton** said there are about 40-60,000 people who are considered problem gamblers in the state of Washington. **Director Miller** said the agency does not do treatment but gives the Council additional funds to train their caregivers. The Council seeks community and private contributions to help educate people and make them aware of the problem. **Ms. Tolton** said that, until the avenue is open for help, many won't seek it out. The goal has been to establish a networking system, and now the Legislature has decided it must be mandatory that the information

be available in all licensed establishments. The Council reports how many people seek help as a result of the 1-800 number and other referrals as part of the personal services contract. The personal services contract articulates exactly what the money is to be spent for. The agency receives a report on what the money is being spent for, and the executive director gave a presentation at the last Commission meeting. **Commissioner Graham** asked if the licensees are behind the efforts to help with problem gambling; **Director Miller** said yes, the commercial operators group this morning agreed they support the agency's contribution through the personal services contract. **Ms. Tolton** said some licensees have given separate donations, such as the Washington Charitable and Civic Gaming Association, the Recreational Gaming Association and the Tavern Owners Association; as well as some tribal operations and tribal bingo halls. **Commissioner Graham** said he remembers some of the licensee groups saying they would support a fee increase to help fund the personal services contract. **Mr. Bishop** said the fee increase as proposed would bring in an extra \$900,000 over two years; **Commissioner Graham** said that means twenty percent of the fee increase would be dedicated to problem gambling.

Chairman Tull asked which tribes with casinos are contributing to the Council; **Ms. Tolton** said the Tulalip Tribe has contributed through its bingo operation, and the tribal council contributed by sponsoring portions of the recent conference in Seattle. She said donations are not dedicated funding, but are done at the request of the executive director of the Council. **Commissioner Heavey** said that 3/4 of a percent of the total budget is dedicated to problem gambling. **Chairman Tull** said the Commission's first contribution came from a penalty received as the result of a case settlement.

LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Ms. Cass-Healy said that Mikohn Gaming Corporation is listed for approval, but this company was already approved at the July meeting. **Commissioner Divine** moved that the licenses, changes, withdrawals and tribal certifications be acted on in accordance with the recommendation of Commission staff and with the deletion of Mikohn Gaming; **Commissioner Graham** seconded the motion, motion carried.

REVIEW OF FRIDAY'S AGENDA

Ms. Tolton said tomorrow's agenda includes three rules up for final action and two that will become final in September. The electronic bingo card dauber rule is up for final action, and the card room rule to raise the playing time fees from \$2.00 to \$3.00 per half hour, and the petition filed by Washington State Federation of Clubs requesting certain symbols and numbers not be required to be called in bingo games. She said that item 7, a petition from Music Vend to raise limits on amusement game prizes, has been withdrawn by the petitioner in writing. This letter is included in the commissioners' packets and will take action by the Commission to remove it. The remainder of the new rules on the agenda are for housekeeping changes in relation to the rule requesting a change in license fees.

DEFAULT HEARING

Randall R. Howard d/b/a Cruisers Tavern, Napavine, Washington. CR 94-0760. Revocation of License to Operate Punchboards/Pull Tabs.

Chairman Tull said the commissioners received and reviewed information from staff regarding this case. Revocation is requested for failure to timely submit quarterly activity reports. A series of warnings were given,

and since the time charges were issued there has been no response from this licensee. **Commissioner Heavey** moved for revocation of the license; **Chairman Tull** seconded the motion; motion carried.

QUALIFICATION REVIEWS

YAKIMA VALLEY O.I.C., Yakima

Ms. Cass-Healy said this is an educational organization with a Class "K" bingo license and a Class "K" license for punchboards and pull tabs. Their statement of purpose is "to provide job training, educational, and social services to unemployed and underemployed persons." They served 47,344 of the general public through 199 employees and 94 volunteers. They contributed about \$7,000. Staff recommends qualification as an educational organization. **Commissioner Graham** asked when staff changed the term from "recertification" to "qualification" reviews; **Ms. Cass-Healy** said that occurred at the beginning of this year. Internally, the terms have become a little confusing, so this change was made. License renewals are called recertifications, these reviews are called recertifications and the Class III gaming term is certification. **Director Miller** said this simplifies things for staff. Qualification is used now for these reviews, because it means statutory qualification. The term "certification" is used in tribal compacts. **Sen. Prentice** asked about the list of contributions and if it means the Yakima Valley O.I.C. made these contributions to the listed groups; **Ms. Cass-Healy** said yes, they indicate direct donations.

COLUMBIA BASIN DOMESTIC VIOLENCE SERVICES, Kennewick

Ms. Cass-Healy said this is a charitable organization with a Class "J" bingo license and a Class "M" license for punchboards and pull tabs. Their statement of purpose is "to provide temporary shelter, 24-hour crisis intervention, counseling, legal advocacy, and support services to victims of domestic violence." They served 15,667 clients with 22 employees and 74 volunteers. Staff recommends qualification as a charitable organization.

EDUCATIONAL INSTITUTE FOR RURAL FAMILIES, Pasco

Ms. Cass-Healy said this is a charitable organization with a Class "J" bingo license, and licenses for punchboards/pull tabs and amusement games. Their statement of purpose is "to improve the education and living conditions of migratory, seasonal, and low-income families." Services were provided to 1,840 clients with 206 employees. Staff recommends qualification as a charitable organization.

Senator Prentice asked about day care services and if they contribute to organizations that provide day care services, or do they provide these services themselves. **Ms. Cass-Healy** said she believes they do provide the day care services themselves primarily for the migratory families in Franklin and Benton counties. **Sen. Prentice** said the season would depend on the crop and that would determine what clients they serve. **Chairman Tull** noted that the description of services provided refers to the use of various facilities for the provision of day care services as well as the early childhood educational program, and said that there are eight sites listed.

Commissioner Heavey asked why this organization has two assistant bingo managers who make more than \$38,000 each. **Mr. Bishop** said they would certainly need one assistant manager. He said it's typical that the larger organizations will have two or more assistant bingo managers, but usually not paid at this level. **Ms. Cass-Healy** said staff has discussed wages with them in the past, especially their primary bingo manager's wages, but they feel they keep the game going and are worth the high wages. **Mr. Bishop** asked if the

primary bingo manager is still there. **Ms. Cass-Healy** said yes, as of the report date.

Director Miller asked if, under the new rules effective this year, is this organization coming up to the expense cap at this point. **Ms. Cass-Healy** said they are fine on their net income level, and they are at 10 percent for administrative expenses. **Mr. Bishop** said they are providing program services and they do meet net income requirements for their gambling. He said he wouldn't say it's unusual for them to have two assistant bingo managers, because large games typically have more than one assistant manager if they run bingo 14-hours a day; one will work one session and the other works another session. They have to have a licensed bingo manager present at each session. **Commissioner Heavey** said for three days a week, that's 18 hours a week for \$38,000 a year. **Director Miller** said they have other duties beyond when the game is open.

Commissioner Heavey said this organization has the equivalent of three assistant bingo managers, and 15 gambling workers and asked if this is a big game. **Mr. Bishop** said they have a "J" license, which is up to \$3 million gross. **Chairman Tull** said the Commission only reviews the big games. **Mr. Bishop** said that, once an operation passes \$500,000 in gross receipts, they are subject to a public review of their license. The next threshold is at the \$3 million mark, which is when they come before the Commission for a formal review every three years. He said this game is just under that threshold; **Ms. Cass-Healy** said that last year, this organization pulled in \$4.5 million gross including pull tabs, and they have 12 sessions of bingo each week. The bingo manager is responsible for pull tabs also.

Commissioner Heavey asked what the primary bingo manager does; **Director Miller** said they design schedules, and handle marketing and advertising, among other possible duties; **Mr. Bishop** said the assistant manager typically manages the bingo game while it's running and takes care of the pull tabs as well. **Commissioner Heavey** said that still comes down to six hours a day, three days a week for the assistant managers; **Chairman Tull** said no it doesn't, and you can't tell from the information listed here as to how many hours they are working. They have certified that they are working 2,000 hours a year, which is a typical 40-hour per week job. **Commissioner Heavey** said he wonders if bingo operations are in business to pay the people who work for them or to produce money for charities, and he said he thinks that most of them just produce money for the people who work for them. **Chairman Tull** said that's why the Commission insists they have a certain net going to their charity. When organizations don't manage that, the Commission cracks down. In this particular instance, staff has assured the commissioners that this group is meeting all the targets they are suppose to meet.

Commissioner Heavey asked what their prize payout percentage is; **Mr. Bishop** said the maximum for this organization is to give away no more than 70 percent. He noted that there are two organizations in the same general geographic location on this agenda and they both have Class "J" bingo licenses. One of them runs their game with 11.3 FTEs, and this organization runs its game with 19.4 FTEs. The first organization pays \$240,000 in wages, and this organization pays \$380,000. This information was collected in case it's ever needed, but so far the mode of regulation is still to regulate the bottom line and give them the leeway to manage the game as they will within that limit.

Commissioner Heavey noted that there is only one bingo manager in the Columbia Basin Domestic Violence Services; **Mr. Bishop** said they have 2.6 assistant managers there, which means there are probably at least three licensed managers. He said it's measured as 2,080 work hours equaling one FTE. **Commissioner Heavey** said there are three on this one. **Mr. Bishop** said that, in order to get to three FTEs, they would have to work 40 hours per week. **Ms. Cass-Healy** said they each reported 40 hours per week. **Commissioner Heavey** asked how that is established and asked if they punch a time clock. He said there was one on the last month's agenda who received \$42,000 as a bingo manager and reported 40 hours per week all year, but he was a school teacher and they don't work 40 hours a week 52 weeks a year. **Ms. Cass-Healy** said the staff tries to make sure the organization knows what controls there are for wages and that they monitor those and

vote on them during board meetings.

Mr. Bishop said that the Commission has instructed the staff not to try and micro-manage organizations as long as they are in compliance. This has been the approach so far. **Chairman Tull** said the focus has been on two targets: that the organization meets net income and payout requirements, and to increase the prevalence of strong, independent boards that will control the salaries. The Commission isn't likely to be comfortable substituting its discretion for a board in Pasco as to what the wage levels ought to be. The philosophy has been to address the issues in a practical way.

Sen. Prentice said their statement of purpose doesn't seem to go along with their work and what they pay in total salaries. She said their purpose says "education and living conditions of migratory, seasonal and low income families," and she's not sure if living conditions includes housing, but it does not say that. The services they provide are pretty limited. They served 1,000 children with day care and had a nurse who worked only 103 hours on immunization programs at school, which shows this is not a strong component in their program.

Chairman Tull said there is a different perspective when the group presents a formal review, which gives the commission an opportunity to ask these types of questions directly to the group. These presentations are all on a schedule and he said he doesn't know exactly who is set up for when. He said there is a different perspective when the group appears live before the Commission and these reviews have been extremely helpful. **Sen. Prentice** said that, because of some of her other responsibilities, she has visited some of these types of programs and she immediately looks at the number of clients served; migrants in relationship to seasonal, in-state migrants and out-of-state migrants, and a lot of other factors. **Director Miller** said the agency's regulatory program looks for red flags and investigates each game on how it's run and where the money goes. Staff verifies employment, and some organizations have been taken out because they were in business just to employ their staff. The Commission has chosen to regulate by expense limitation and payout limitation. The commissioners have the final call on whether this should change.

Mr. Bishop said they receive 72 percent of funds from other sources, such as DSHS and the federal government, and these agencies are more qualified to comment on the quality of social services than the Commission staff. The Commission can't evaluate social services; staff can compile and evaluate what the organization spends and verify they are spending the money for their purpose. **Commissioner Graham** said the problem in this case is that salaries are going to the bingo end of it, but the executive director is paid less than the primary bingo manager. He said most organizations pay their executive director more than the bingo manager. Both of the assistant bingo managers list that they supervise 20 people; he asked if that's the same 20 people. **Mr. Bishop** said they could measure 20 people that work the equivalent of 10 FTEs. It is unusual that none of this organization's top five salary positions are involved in providing programs.

Commissioner Graham said the Commission can call this organization to a meeting to answer these questions, explain how they operate and why the pay is the way it is in comparison to other organizations.

Chairman Tull said all these comments and suggestions are relevant. One reason for this process is to get past just getting a stack of papers. With regard to the wage discrepancy between the bingo manager and executive director, there are more qualified social workers than there are bingo managers, so that may be why the bingo manager earns more. He said no other state or province comes close to this degree of scrutiny on bingo than the Washington State Gambling Commission. **Director Miller** said the information in these reports is verified by staff thoroughly. He said the main focus is on where the money goes and to ensure it goes to the charity. He said they appear, on paper, to be top heavy in their structure. **Chairman Tull** said it's a large organization with many employees and that's why. He said the Commission could decide to expand its purview to take on these social service agencies. The amount of questionable overhead is a whole new area that can be looked at.

Mr. Bishop said it seems redundant to have a business manager and an executive director, which would

typically be the same job. **Sen. Prentice** said the executive director manages the social service programs. **Director Miller** said this raises the question as to how far the agency should go in evaluating the programs. The bingo game has not had problems, and they have followed their expense limitations. **Sen. Prentice** said her concern is making sure they are what they say they are. **Chairman Tull** said this has been looked at carefully and the Commission has gone after a few organizations that are now changing the way they do business or they have turned in their licenses. He said it's offensive to discover that some organizations have created a cash-cow and are just milking it to take care of themselves or their friends.

Sen. Prentice said that, since she has worked with this population and knows what the needs are, this organization doesn't serve a lot of people in comparison to what their salaries are. She asked what their other sources of revenue are. **Chairman Tull** said the report suggests that 72.4 percent of their income is non-gambling income. **Mr. Bishop** said they receive a tremendous amount of money from other programs. **Chairman Tull** said they have a state employee child care capitol project grant. This organization has only served 1,000 children, but it does not show how much each child has been helped. What the Commission has done is to try and pin down payout and net income to hold in clear view. **Mr. Bishop** said that peak season, March to October, various families move in and out of the programs. The peak brings 150 children to the child care facility, which is a large number for a child care facility.

Sen. Prentice asked if the number served includes those who received immunizations also. She said she didn't want to belabor this, but there were enough red flags raised that she needed to ask the questions. She said they may be even better than what they say they are. **Ms. Winslow** said when questions like this arise, staff go to the organization for a program review. Staff observes activities, conducts interviews of employees and clients to determine what services are being provided and how, and if things exist as the organization says they do.

EXCHANGE CLUB OF TACOMA, Tacoma

Ms. Cass-Healy said this is a civic organization with a Class "G" bingo license, and licenses in punchboards/pull tabs and raffles. Their statement of purpose is "to educate members and citizens of the community and state by disseminating information concerning subjects of general interest, and to serve in unity with those seeking better conditions, better understanding, and greater opportunities for all." They served 1,500 clients last year with 55 volunteers, and they contributed \$16,711 to other organizations. Staff recommends qualification as a civic organization.

Commissioner Graham asked why there was a loss; **Ms. Cass-Healy** said part of it was a tax adjustment they were hit with last year. Part of it was from allocation problems they've had, and staff has discussed those problems with them. It should look better in the future. **Director Miller** said they have one employee earning more than \$30,000. **Ms. Cass-Healy** said that is the bingo manager. **Chairman Tull** said gambling was 7.3 percent of their total revenue, and they had a lot of charitable contributions compared to their net income, which is explainable by looking at their other income.

UNITED BLIND OF THE TRI-CITIES, Kennewick

Ms. Cass-Healy said they are an charitable organization with a Class "G" bingo license, and a Class "J" license in punchboards/pull tabs. Their statement of purpose is "to promote the special interests of the blind by expanding equality, independence and opportunities for the blind and physically disabled citizens." They served approximately 358 clients last year. Services are provided by one employee and 10 volunteers. They

contributed \$10,000 directly and gave \$1,600 in scholarships. Staff recommends qualification as a charitable organization.

Commissioner Graham moved for qualification of the above organizations except the Educational Institute for Rural Families, which should appear before the Commission at the October meeting in Leavenworth to explain their structure, justification of wages, and review of programs; **Chairman Tull** seconded the motion; motion carried. **Chairman Tull** said the Institute will continue to be licensed; the further inquiry does not pose an immediate burden on them. **Director Miller** said this group is not one that would normally come before the Commission for a formal review because they are a class 2 game, which is under \$3 million. **Chairman Tull** said this would not be a formal review, just to ask them questions for clarification of these issues and further information, which will give them a chance to clear up the questions the Commission has.

Director Miller requested an executive session to discuss tribal negotiations and pending cases. **Acting Chairman Graham** called for an executive session. He adjourned until Friday at 10:00 a.m.

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, JULY 15, 1994

Chairman Tull called the meeting to order at 10:04 a.m. at Campbell's Resort Hotel, Chelan, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, CHAIRMAN; PATRICK GRAHAM, ARDITH DIVINE and EDWARD HEAVEY; and Ex Officio member SEN. MARGARITA PRENTICE.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHARON TOLTON, Assistant Director, Special Operations; CALLY CASS-HEALY, Assistant Director, Licensing Operations; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; CARRIE SUTHERLAND, Special Assistant, Public Affairs; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said that the plan to connect with Commissioner Mosbarger via speaker phone; however, medical needs do not permit her participation today. She plans to attend the September meeting in Bellingham.

APPROVAL OF THE MINUTES FROM THE JULY 14-15, 1994, MEETING

Commissioner Heavey moved for acceptance of the minutes from the July 14-15, 1994, Commission meeting in Silverdale, Washington, as set forth and printed in the agenda packet; **Commissioner Divine** seconded the motion; motion carried.

STAFF REPORTS

AGENCY REALIGNMENT

Director Miller showed the new organizational chart on the overhead projector. He said there have been staff changes that took effect August 1, 1994. Juli Anderson resigned and her position as assistant director for Management Services was not re-filled. He said Ben Bishop is the new deputy director, which is an expanded role with Field Operations and Licensing sections now reporting to the deputy director. Ben has been with the agency for 13 years. Neal Nunamaker is now program manager for Financial Investigations; Sherri Winslow is the assistant director for Field Operations; Cally Cass-Healy is the new assistant director for Licensing. Personnel (Human Resources and Development) will report to the director; Carrie Sutherland has been promoted to a special assistant and will handle Public Affairs, and also coordination of Class III negotiations, rules and agenda.

AGENCY BUDGET

Mr. Bishop gave an overhead presentation. He said the agency's mission is to coordinate with local law enforcement organizations to protect the public from criminal elements and to regulate gambling in the state of Washington. Clients are the general public, players, licensees, Indian tribes with Class III gaming compacts, and suppliers, financiers and certified management companies. Agency goals are to regulate authorized social gambling activities, Class III gaming where there are compacts, restrain criminal activities related to gambling, cooperate with other law enforcement agencies, ensure fair and equal treatment to all those regulated, and to maintain service levels that assure public policy is met. One important new agency objective is to reduce the amount of information required from applicants, especially if the information is available from other agencies within state government. Funding has been requested to pursue computer connections with the Liquor Board, Dept. of Revenue, Business License Services, and the Lottery Commission, in order to collect information regarding applicants. Another new objective is to further develop the staff through a defined development/training program and to ensure that employees are equipped to perform the job required of them.

Mr. Bishop said the combined gross receipts chart illustrates a 42 percent increase from 1989; total estimated for 1994 is \$766,200,000 of activities regulated by the Commission. This does not include Class III gaming or the amount of money received on bets in poker games. The growth rate has been approximately eight percent per year, and there is still a fairly healthy growth rate. The chart comparing gross receipts with staffing takes into account that staffing is a function of the dollar value being regulated. In 1992, there was a rise and things began to level out in 1993 with less employees being hired. The goal is to become more efficient with fewer employees. This line is expected to continue on the present course as the higher efficiency level is maintained. The core group of licensees chart illustrates the workload for staff in processing applications and recertifications and field operations. These charts combined give a better perspective of the agency's total workload. The number of locations and the amount of dollars are related and both need to be taken into account when analyzing workload.

Mr. Bishop said the current authorized level (CAL) is higher now than was approved last year (\$14.8 million) with 264 FTEs for the biennium. Prior to the beginning of the last biennium but after the budget was approved, the Commission approved three additional FTEs in November 1992 for the regulation of Class III gaming. During this biennium, as the result of reorganizing and increase in Class III gaming, six FTEs were added per year -- five per year for Class III gaming and one per year for the reorganization -- at a total cost of \$468,000. **Chairman Tull** clarified that when it says 12 FTEs, that means six for two years.

Mr. Bishop said the Bellingham satellite office was added during this biennium, and there was an unexpected increase in utility costs. Law enforcement training has increased because all new agents are required to complete the law enforcement academy training, which costs \$1,500 per agent plus the cost of uniforms. The proposed training budget takes into account the additional cost of maintaining law enforcement officers at the competency level required by state law. The amount listed for legal services is the cost of services received from the assistant attorney general. The amount listed for Records Archive Services reflects a change in service costs from that organization, although there has been a decrease in the cost of personnel services billed to the agency due to increased efficiency. General inflation accounts for \$108,138, and that number is computed by OFM and only goes to certain items in the budget. Essential Request Level (ERL) is 141.45 FTEs (282.90 over two years), and \$16,113,250. This takes the agency's current service levels forward into the next biennium with no changes in the way things are done now.

Mr. Bishop said the agency request for the next biennium begins with five vehicles, which are needed to replace vehicles that have exceeded 100,000 miles. A change in vehicle usage has resulted in not having to replace three vehicles, which saves \$45,000 from the last biennium. The largest request for equipment is for computers for all field agents, so they may have access to the licensing data base.

Sen. Prentice asked if this is to reduce the amount of paperwork if the agency consolidates information with other agencies to share information. **Mr. Bishop** said no, this is strictly for field agents who are performing audits specific to gambling activities. The plan is to eventually be able to access information through the Lottery Commission, Liquor Board, and other agencies that may have information related to gambling activities. This will reduce the amount of paper work for applicants. For new equipment, one lap top computer is requested for the HRD manager, and two laser printers for Licensing Operations for agents to share. In the category of career fairs, funding is requested to allow HRD people to travel to colleges and universities to recruit and do testing on-site. Staff classification actions cost is a result of employee upgrades in the HRD section and from the reclassification study for licensing technicians. Some of the licensing technicians have worked for 13 or 14 years and have a lot of experience, and it creates a lot of friction when people just starting out make nearly the same amount of money. The classes are being looked at to see if a new title and pay range can be utilized for those technicians who have a lot of experience. The only increase in staff is a position in compliance and hearings. This position is currently being filled by an executive fellow from the Governor's Office. Under this proposal, that position would become our FTE instead of the Governor's.

Mr. Bishop said the amount requested for licensee training equipment is primarily for two videos to be produced during the biennium; one for the officers of the charitable/non-profits and another video on prize payout information. Staff training and development funding is primarily to enhance our capability to convert to a single agent concept for our investigators, to combine law enforcement training and experience with accounting skills and knowledge to create a specialized investigator. Employees who have primarily accounting backgrounds have been sent through the academy; and now those with primarily law enforcement backgrounds need to be trained in accounting and auditing. Another request is for outside investigative services. The agency receives services from the State Patrol that were previously given without cost. The agency will now have to pay for these services. Staff will increase the use of NEXIS and LEXIS for background investigations outside of the state. The figure for problem gambling includes the personal services contract and the cost of posters and brochures that will be provided in every licensed gambling location.

Mr. Bishop said investigative travel amount of \$59,840 relates to the decision to centrally locate investigative staff and give the units more flexibility in being sent to where the priorities are, which requires additional travel. The total agency request is for funding for 142.5 FTE's; and for \$16.9 million in funding. He said the fund balance is projected to end the current biennium at \$1.9 million, which is equal to 2.5 months of agency funding. The estimate for revenue collection includes the requested 6.4 percent fee increase. Total funds available to operate during the next biennium are \$19,134,000, subtracting the agency request budget of \$16,937,723, and ending the biennium at approximately \$2.2 million, which equates to just under three months of operating funds.

Chairman Tull asked about the image records system that is being requested. **Mr. Bishop** said two years ago, there was a request of \$15,000 for a pilot project, but OFM asked that it be deleted at that time. He said this type of technology has increased greatly and the price has come down. The present request is for the second half of the biennium. The system would be available for anyone to come into the office and obtain information much easier than it is done now. The information could be viewed as text or an image, depending on how it is requested. This is currently an accepted way of storing public records and the paper files could then be destroyed, which results in a big savings. Business License Services uses this program currently. There would be an incredible amount of storage space at the agency that could be made available for other uses.

Commissioner Graham asked about problem gambling and the funding the agency gives. It was the original policy of the Gambling Commission to only go as far as disseminating information to tell people where they could get help. At that time, only \$2,500 was budgeted and spent for problem gambling. He said the Commission now gives \$60,500 each year, which will be increased by \$42,500 to spend \$103,000 per year if this budget goes through. This does not include what the Lottery and Horse Racing Commissions will be contributing, nor does it include individual contributions from bingo and punchboard/pull tab organizations. He

said Commissioner Keefe had mentioned that the Commission could not afford to get involved in the therapy end of the problem.

Commissioner Graham said to continue helping with informational signs, the 1-800 number, information in the agenda and at meeting places, and having information available on where the Council's meetings are held. He said the Commission has done a beautiful job of this type of activity and is one of the leaders in the state. He said he doesn't think he's seen the contract between the Commission and the Washington State Council on Problem Gambling and he wonders if the Commission is getting involved in the therapy end of the problem now, since only \$2,500 in the budget request, per year, goes toward informational signs and the rest to the contract. He said he doesn't know what the Commission is getting for its money. He asked if the licensees did agree to a fee increase to fund the increased contribution to the Council.

John Beadle, Seattle Junior Hockey said yes, that's correct. He also said that his group was influenced by the Legislature, which was looking at a possible tax increase to come up with more money for problem gambling. The non-profits felt they should jump in ahead of time and offer to contribute. **Commissioner Graham** asked if he'd ever seen the contract; **Mr. Beadle** said no, he hasn't.

Director Miller said the actual contract was circulated at a meeting, and Commissioner Graham may have been absent at that meeting. In the beginning, the contribution from the Commission to the Council came as the result of a disciplinary action when the offender was directed to pay a \$50,000 fine to the State Council on Problem Gambling. He said the money given through the personal services contract is not for therapy, but it is to help fund the Council so they could have an executive director and use part of the money for public service announcements, brochures, and training for caregivers. The Council has requested additional funding for training, etc. He said he will provide Commissioner Graham with a copy of the contract, which can be cancelled at any time if the Commission thinks the Council is not doing its job.

Ms. Tolton said the agency's contributions were given quarterly until last year and are now given annually. At the same time, there is a program review to ensure that the funding is spent where it's supposed to be. There are now 23 states that have affiliates to the National Council that have state councils. Many are funded directly through taxation through the legislative level; others are funded by the Lottery. The Gambling Commission is the only agency that provides dedicated funding to the Council. **Director Miller** said the Commission is the state Council's primary source of funding.

Commissioner Graham asked what dollar amounts or percentages other states give to the Council; **Director Miller** said that states give to their own state councils. In this state, the Lottery paid for the prevalence study. There's something in their statute that precludes further contributions, but they are looking at that. The Horse Racing Commission doesn't have excess revenue available. The charitable gaming industry has contributed and has made posters, and the tribes have affiliate members and have made contributions. One method of funding is through the increase in license fees requested in this budget proposal, which is part of the reason for the fee increase.

Sen. Prentice said one item on the list is for caregivers' training and asked what the caregivers do if it's not therapy. **Director Miller** said the Council has people who give training to psychologists and other professionals in how to detect problem gambling behavior. The Council goes to high schools and presents programs to kids on problem gambling awareness. These programs were not available until the Commission started contributing through the personal services contract. The contract has specific criteria that must be met, and it is reviewed annually. **Sen. Prentice** said the Gambling Policy Task Force included a recommendation for this type of help in problem gambling and there have been no further comments from the Legislature since the report was issued. She said she wanted to make sure the people responsible for serving the public are the ones best qualified to help. **Director Miller** said the Council is now working with drug, alcohol and substance abuse programs with the state to get more information out on problem gambling. The Gambling Commission has taken the lead and does more than the Legislature or any other state in the area of problem gambling. The amount requested in the budget for problem gambling is relatively small, given the total amount of the budget and considering the amount of money spent on gambling in this state.

Chairman Tull said that, prior to the expenditures Commissioner Graham spoke of, there was no help for problem gamblers, nor any official acknowledgement by state gambling agencies of the existence of such a problem. Commissioner Ann Noel was the original lead on this issue, and the original intent was to stay out of providing therapy because the Commission is not organized to provide it. He said the dilemma is how does the problem get addressed without an organization to move it forward without a budget to offset the costs. The Gambling Commission is the main source of funding for this social service organization. He said there ought to be a specific review of the contract for the new commissioners who may not be familiar with the Council and what it does. He said Director Miller spoke at a conference for the Council and Chairman Tull attended also. He said the approval of the budget by the Commission and OFM does not commit the Commission to keeping it unchanged. The Commissioners can decide to change aspects of the budget at any time. He said the same goes with the problem gambling personal services contract, and the Commission is not locked into that commitment. The Commission is not part of the general fund, but it has to go through the process and gain approval from OFM, a process he said he doesn't completely understand the reason for. Any discussions today that lead to eventual decisions regarding expenditures remain within the Commission's discretion. He said he would like to see a presentation by the Council, possibly next month if that can be arranged.

Commissioner Graham said he doesn't see what the Commission is getting for the money being given and he thinks the licensees are probably wondering what they are getting also. **Mr. Beadle** said they feel they are part of the problem and they want to be part of the solution. He said it takes money to operate non-profit organizations. **Commissioner Heavey** agreed and said the Commission should be looking at whether it is giving enough money and if it's addressing the problem well enough. If token efforts are all that are being made, then the Commission ought to look at what it can do to minimize a problem that's created by this industry, which is here to stay and will expand. **Chairman Tull** agreed and said the Commission may be the only agency willing to assess the problem and do as much as possible to help. **Director Miller** said some of the legislators questioned this personal services contract, but the agency is confident with the program. He said he'd be happy to put together a presentation for the next Commission meeting to educate everyone on the programs the Council offers. He said the contract can be terminated at any time, but so far the agency has had a very positive relationship with the Council.

Commissioner Heavey said he does not intend to raise fees even higher to better fund problem gambling efforts; his attitude is that the industry is part of the problem and should do something about addressing the problem consistent with the resources and the other obligations the agency presently has. The Commission is not the sole source of the problem and should not be the sole source of funding the solution.

Mr. Beadle said the Gambling Commission is an example to other states and is the lead agency in the country in problem gambling efforts. Whatever this Commission decides to do will be looked at by others and used as an example. **Chairman Tull** said that Commissioner Divine asked for a full picture of the council's budget to show where they're spending all of their money. **Director Miller** said they have a new executive director, Gary Hanson, who was present at the last meeting and gave a brief presentation to the Commission and can answer the commissioners' questions. **Chairman Tull** also requested that the personal services contract be mailed to the commissioners in advance of the presentation.

Mr. Bishop said what he presented is the agency's business plan, and the Commission has the ultimate control over what is decided. The Legislature and OFM can advise, but short of passing legislation to make changes, they cannot change the package. **Chairman Tull** said the agency must walk a respectful but separate path with respect to the Legislature and the Governor, but the Commission is an independent group. Commissioners are confirmed by the Senate and are difficult to take off the Commission once confirmed.

Director Miller said that out of the \$460,000 total spent for the Class III program over the last year and a half, the Commission has received \$410,000 back. The \$50,000 was for start up costs in Class III, which was absorbed by the fund balance. The projection for the next biennium in Class III is to cover all but about \$10,000. If non-Indian gaming declines because of tribal gaming, that side of the budget will be looked at and

adjustments will be made accordingly. The Commission is not here to grow for its own benefit. **Chairman Tull** said the agency's intention is to have Class III activities as self-funded as possible. **Director Miller** said negotiations must, under state law, be funded by the Commission's fund balance. This was passed during the 1992 legislative session. **Chairman Tull** said that if the Commission had not used the fund balance in that manner, it could have been reallocated by the Legislature. He is satisfied with the direction that has been taken, which is that Class III application fees and reimbursements offset expenditures in the Class III area.

Director Miller said that, at one time, raising the cost of the pull tab stamp was being looked at as an option to raise funds, but it was not allowed because of Initiative 601. That initiative limits the ability to raise fees over a certain percentage. The increase being sought in this proposal is modest. He said the Commission does not vote on the fee increase today, although the budget requests includes the fee increase. The fee increase will be on the agenda for two more months of discussion. He said the licensees who object to the fee increase will have the opportunity to express their concerns to the Commission. If the commissioners decide to vote against the fee increase, then the budget will be adjusted accordingly.

Chairman Tull asked how much is being spent in the area of illegal gambling. **Ms. Tolton** said there are 18 FTEs in Special Operations, and six of those FTEs are in Special Investigations Unit staff. **Director Miller** said the Legislature passed a bill last session authorizing revenues seized from illegal operations go directly to the Gambling Commission. However, the operations are not based on what is projected to be recovered through seizures. **Chairman Tull** said that's an expense of the agency borne by those who support the Commission financially, even though they operate legally; **Director Miller** said putting a damper on illegal gambling protects and keeps the legitimate industry clean and protects the public. **Chairman Tull** said that once licensees pay their license fees, the agency becomes responsible for that money; however, it is not limited in its expenditure of that money to what the licensees say about how it should be spent. There is a statewide purview that encompasses illegal gambling and to Indian gaming.

Sen. Prentice asked if it's likely that illegal gambling would also expand if tribal gaming increases and legal gaming becomes less available. **Director Miller** said that is difficult to project, but the Commission has a greater handle now on where the illegal activities are occurring. The focus is now on large scale illegal operations where other crimes are associated. He said there will probably not be an increase in illegal gambling. It may seem like there's been an increase because the agency is more aware of the problem. There is the potential that there will be a shift from non-tribal gaming to the tribal casinos, although that has not happened yet. There is probably already more than \$1.5 billion wagered illegally today, which is twice what is wagered legally at the present time.

Debbie Scott, President of the WCCGA said the group voted last night to support the budget as presented, including the fee increase. **Chairman Tull** said comments on the subject of the agency direction are welcome.

Don Kaufman, Big Brothers and Sisters of Spokane County, said that, the amount in objective four really doesn't help non-profits very much. A five percent increase in funds to non-profits would not even allow them to break even. He would feel more comfortable with an increase of 7 percent. **Chairman Tull** said the surprising thing about the objective is that it exists at all. **Mr. Bishop** said a figure was included because OFM requires a percentage figure along with objectives.

Ron Sellar, President of the WSLBA, said he is not a budget person and cannot pick out what is good and what's bad in this proposal. He said he agrees with Mr. Beadle that the industry should be part of the solution for problem gambling. He asked about the \$90,000 increase in compliance and hearings staff; **Director Miller** said that section handles all administrative hearings, cases, and settlements, and is headed by Carrie Sutherland. She requires a full time assistant to accomplish these duties in addition to her other responsibilities. The person who assists her now is an executive fellow from the Governor's Office that is funded by the Commission but is not presently charged as an FTE. He said that position will hopefully be made to be full time, as her duties have been expanded significantly. He said the section could not work

without at least two professional people in those positions. He said that's the only additional FTE being requested in this budget.

Mr. Sellar said he thought he read that there will be 12 additional FTEs; **Director Miller** said there is only one additional FTE per year, and that's the same person. The 12 FTEs referred to in the presentation were approved previously as additional FTEs for the current biennium. Since the last budget was presented, the staff has increase by six FTEs per year. The increase in FTEs was funded by the tribal program and each additional FTE was approved by the Commission. There will be additional employees coming on as more casinos open. There are enough employees to cover three casinos now, and the formula of how many are needed per casino has not been finalized yet. It's more than just one agent going out and working with the tribe, it's also the licensing and background checks.

Commissioner Graham asked what the FTE level is presently; **Director Miller** said that the agency is approved for 142 FTEs and there are about 135 on staff. Positions have not been filled as they are vacated, but instead are being held open to save funds. There are eight vacancies that are presently not being recruited for. **Mr. Sellar** asked how many field people there are in relation to how many there are in the office.

Director Miller said there are 60 in the field offices and about 75 at the headquarters office, which includes the licensing staff, fiscal staff, personnel, and Special Operations Division. **Chairman Tull** asked how many administrative staff there are for each field office; **Director Miller** said, for example, there are 13 agents in the Eastern Region and one administrative staff in each field office.

Mr. Sellar said he noticed the comment that if the fee increase does not pass, the budget will be trimmed, so it must be possible to trim this budget. **Director Miller** said it's always possible to cut, but the mission must be fulfilled also. **Mr. Sellar** referred to the comment regarding long-time employees getting the same pay as newly-hired employees; **Director Miller** said money for the licensing technicians classification review is very small compared to the size of the overall budget. The licensing technicians do the initial screening of all license applications, which has become a more efficient process. A study needs to be done to see if the agency can create better career growth opportunities for these people, who become great assets as they gain experience and make the process more efficient.

Mr. Sellar said it was mentioned that there has not been a decrease in commercial gaming since the tribal operations have opened up, but he said he has a friend in Manson who used to go through three games a day and now goes through only 10 per month instead of 90 per month. There's one game with eight \$100 prizes that's been up for 30 days and not one \$100 prize had been won on it. **Chairman Tull** said that Director Miller did qualify what he said by saying that except those operations that are next to reservations, there hasn't been a decline. **Mr. Sellar** said a little tavern next to the Nooksacks used to have a separate casino arena for pull tabs, but he's had to close it and now has only two wall machines. Coconut Grove has gone from a half million dollar license down to \$200,000. He said commercial operations are being impacted. He said a lot of people who come to his tavern say they're planning their vacations around where they can go to the casinos to gamble. He said if there is an increase in license fees, they have no way of recouping that money. They cannot increase the amount they charge for pull tabs, etc.

Director Miller said he met with Mr. Sellar and other licensees yesterday and went through the budget. He said the agency has always tried to be very cautious and prudent when it has sought fee increases, and this is the first fee increase in seven years. He said the increase was kept as minimal as possible; **Mr. Sellar** said it's the maximum possible under initiative 601. **Director Miller** said the amount requested is what he believes is necessary to fund the agency and keep it going through the next biennium.

Chairman Tull asked what the increase will cost their operation; **Mr. Sellar** said he has an "F" license (\$500,000 level) and it will cost him an additional \$225 per year. **Sen. Prentice** asked if he's seen any increase in revenue as a result of the increase in fees for card room play; **Mr. Sellar** said he doesn't have a card room, but none of his members have told him about seeing a significant increase in revenues. He said the Commission has done a good job of spending the excess previously in the fund balance; **Director Miller** said the surplus was, at one time, around \$5.2 million, and \$1 million was removed by the Legislature. **Mr.**

Sellar said a fee decrease was discussed but the surplus was spent down instead.

Director Miller said the Legislature attempted to remove \$2 million but the Governor vetoed that portion of the bill. In his veto message, Gov. Gardner said the Commission should utilize the money and not raise license fees, but said not to decrease fees either. He said gambling has doubled in the state in the last ten years. There has been more regulation necessary, and the agency runs efficiently for the amount of regulation achieved. **Mr. Sellar** said the \$2 million in reserve seems like a lot and he'd like to have that much, percentage-wise, in his own checking account; **Chairman Tull** said that the recommended amount for everyone to have in reserve is six months income. As an agency, three months in reserve seems like a reasonable amount. Even if that amount were reduced some, it wouldn't make a significant decrease in fees, and it would only be a one-time decrease. It would also jeopardize the Commission's ability to respond to emergencies. The licensees are also paying for regulation in the areas of illegal gambling, even if they're not contributing to that atmosphere in any way. If there are big problems in illegal gambling, a lot of money could be needed and flexibility is needed for accessing funds to do that. It would be difficult to go to the Legislature and ask for an appropriation.

Director Miller said the license fees are prepaid, and the Commission does not have the ability to write bad checks. There must be a float in order to be covered if there are unexpected emergency expenses and needs a cushion. The Legislature has said that, as long as the level remains where it is, they will not try to reallocate that money.

Randy Baierl, Northern Lights Bingo, said the licensees are uninformed and the monthly training sessions are quickly outdated. He said the pull tab video was wonderful, but it was also quickly outdated. He said when the new laws on receipting methods went into effect in January, they did not get the information they needed and had a lot of problems with paper work. He said the amount of money in the proposed budget for training technology should be supported and possibly raised to improve the quality of training and updates for the agents in the field to keep current with changes. **Director Miller** said there will be more training in the field. Numerous courses were conducted, but he's been told they were not at the level they needed to be. The amount being sought is an adjustment to the current budget in those areas. Training is one of the best ways to regulate.

Chairman Tull called for the vote and reminded the commissioners they have the discretion to change the direction of the agency's plan for its budget at any time. **Commissioner Graham** moved for acceptance of the budget as requested; **Commissioner Divine** seconded the motion. **Chairman Tull** said the budget discussion process has become steadily more informative and allows for debate on program issues. Vote taken; motion carried with four aye votes.

ADOPT OR AMEND RULES

BINGO

(A) New Section, WAC 230-20-244

Electronic Bingo Card Daubers -- Definition -- Operating Restrictions -- Standards.

Commissioner Heavey moved for acceptance of the bingo card dauber rule as presented in the agenda; **Commissioner Divine** seconded the motion. **Chairman Tull** asked Ms. Tolton to review the rule as briefly as possible and to allow for public comments.

Ms. Tolton said this rule was originally filed in April, and there have been changes in the language since the last meeting. The new rule established operating restrictions and standards of electronic bingo card daubers.

Debbie Scott, President of the WCCGA, said the group agrees that this item, as amended, should pass. **Director Miller** said this is a very good rule and the process has worked very well. There has been a lot of good input and a lot of good changes made. **Commissioner Graham** asked if the administrative cost is still \$500 on this; **Director Miller** said that is still the approximate amount it takes to bring a rule change through the process of hearings, etc. It does not include the cost of implementation, but it should not be a significant amount. **Chairman Tull** commended the licensee community and the staff for coming up with a sensible rule.

Chairman Tull called for a vote; vote taken, motion carried.

CARDROOMS

Amendatory Section, WAC 230-40-050 -- Fees for card playing

Ms. Tolton said this is up for discussion and final action today. It was adopted as an emergency in June 1994 in response to a legislative change in House Bill 2382. The amendment allows card room licensees to raise the fee that may be charged to card players from two dollars per half hour to three dollars per half hour. Staff recommends final adoption. **Commissioner Divine** moved for final adoption; **Commissioner Graham** seconded the motion; motion carried.

BINGO

Amendatory Section, WAC 230-20-246 -- Manner of conducting bingo

Ms. Tolton said this is up for final action today. The petition is presented by the Washington State Federation of Clubs. The proposal allows for an amendment that would eliminate distraction to the players by allowing that irrelevant symbols and/or numbers not be called during a bingo game. **Commissioner Graham** moved for final adoption; **Commissioner Divine** seconded the motion; motion carried.

PUNCHBOARDS AND PULL TABS

Amendatory Section, WAC 230-30-070 -- Control of Prizes

Ms. Tolton said this is proposed by staff for discussion only and final action at the September meeting. The amendment clarifies the requirement for punchboard/pull tab operators to permanently delete reference to prizes from the flare upon determination of a winner, which must be done with indelible ink to delete the prizes. It also eliminates the use of labels or stickers. **Chairman Tull** asked if anyone would like to testify on this rule; no one came forward. He said there will be an opportunity for comment at the September meeting and written comments will be accepted up until that time.

COMMERCIAL AMUSEMENT GAMES

WAC 230-20-685 -- Wager and Prize Limitations Petition

Ms. Tolton said that Music Vend Distributing has requested that this petition be withdrawn. **Commissioner**

Graham moved to support the withdrawal of this petition; **Commissioner Heavey** seconded the motion; motion carried.

LICENSING

Presented by Staff for Discussion and Possible Filing.

Mr. Bishop said items (A)-(F), with the one exception of (B) have to do with the request for a fee increase to support what was presented in the business plan.

(A) Amendatory Section WAC 230-04-190 Issuance of License

Mr. Bishop said there are housekeeping issues within this rule to codify items previously in the fee tables that probably should not have been there, but should have been in the rule instead of looking at a fee.

(B) Repealer WAC 230-04-199 Class R Recreational Card Games Conducted By A Bona Fide Charitable or Bona Fide Nonprofit Organization.

Mr. Bishop said this one deletes the license for class R card game, which has a \$25 fee for a social card game conducted by a non-profit organization within their premise. Typically, the ones licensed to do this are trailer courts, associations that play pinochle or bridge. There's no major betting and they can't charge a fee for playing. This activity, once deleted, would be listed instead under unlicensed activities in section 46.

(C) Repealer WAC 230-04-201 Fees

(D) New Section WAC 230-04-202 Fees--Bonafide Charitable/Nonprofit Organizations.

(E) New Section WAC 230-04 203 Fees--Commercial Stimulant and Other Business Organizations.

(F) New Section WAC 230-04-204 Fees--Individuals

Commissioner Heavey moved to file the above items (A)-(F) for further discussion; **Commissioner Divine** seconded the motion; motion carried.

RECORDS AND REPORTS

Presented by Staff for Discussion and Possible Filing.

Amendatory Section WAC 230-08-017 Control of Gambling Equipment--Use of Identification and Inspection Services Stamps.

Mr. Bishop said this increases the cost of I.D. stamps by one cent for punchboards and pull tabs, and by six cents per bingo series. Initiative 601 limits the agency's ability to increase the cost of these stamps. If they are not raised now, the cost can never be raised. Staff requests the ability to keep up with 601 while exploring alternatives. **Commissioner Divine** moved to file for future discussion; **Chairman Tull** seconded the motion; motion carried.

RULES OF GENERAL APPLICABILITY

Presented by Staff for Discussion and Possible Filing.

New Section **WAC 230-12-090**

Problem Gambling Informational Sign Must Be Posted.

Mr. Bishop said this has to do with the posting of informational signs on licensed premises regarding problem gambling. The last paragraph provides for penalties for failing to comply. **Ms. Tolton** said there is a correction on the RCW cite. The corrected RCW, per the code revisor, is 9.46.071. This is a new section that was created by Senate Bill 2228. **Commissioner Divine** moved for filing; **Chairman Tull** seconded the motion, motion carried.

COMMERCIAL AMUSEMENT GAMES

Presented by Staff for Discussion and Possible Filing.

Amendatory Section WAC 230-20-700

Coin or Token Activated Amusement Games--Standards.

Mr. Bishop said this is a housekeeping change to implement policies set previously regarding the notification on amusement game machines as to whether or not the machine gives change. **Commissioner Graham** moved for filing; **Commissioner Heavey** said he wanted to hear, at the next meeting, a justification for having machines that don't return change. **Chairman Tull** seconded the motion; motion carried.

PUNCHBOARDS/PULL TABS

Presented by Staff for Discussion and Possible Filing.

(A) Amendatory Section WAC 230-30-072

Punchboard and pull tab inventory and retention requirements.

Mr. Bishop said there has been a test over the last ten months to reduce the amount of time inventory must be kept; there haven't been any problems with the test. Staff is asking that the procedures used in the test be codified. This would allow commercial operators to only retain punchboard/pull tab inventory for two months, with certain restrictions if they don't comply. **Commissioner Graham** moved for filing; **Commissioner Divine** seconded the motion. **Mr. Bishop** said there is also item (B):

(B) Amendatory Section WAC 230-30-075

Punchboard and pull tab retention restrictions-- Minimum percentage of prizes available ((for certain gambling activities)).

Mr. Bishop said this is a request to change the last prize requirement on punchboards and pull tabs to be limited to \$100.

(C) Repealer WAC 230-30-998

Punchboard and Pull Tab Retention Requirements--Test.

Mr. Bishop said this repeals the test that was completed.

Chairman Tull said the motion and second cover these three subsections; **Commissioners Graham** and **Divine** agreed; vote taken, motion carried to file items (A), (B), and (C).

UNLICENSED ACTIVITIES

Presented by Staff for Discussion and Possible Filing.

New Section, WAC 230-46-100

Bona Fide Charitable/Nonprofit Organizations--Limited Social Card Games Without Obtaining a License--Conditions.

Mr. Bishop said this codifies the previous rule regarding recreational card games into an unlicensed activity. All the requirements in the previous rule that was filed for repeal in section 8, and there will now be no fee. When these licenses were being issued at \$25 a piece, the Commission was losing about \$100 each time one was issued. **Director Miller** said these are strictly low-stakes, social games. **Chairman Tull** said this will be a good vehicle for discussion for the recently appointed commissioners. **Commissioner Divine** moved for filing; **Chairman Tull** seconded the motion; motion carried.

UNFINISHED BUSINESS

Chairman Tull said the Commission, in executive session, concurred with the recommendation of Director Miller on the case of Christine Conradi, to revoke her license for one year. This was a non-appealed revocation. The commissioners voted to approve the decision of the director.

CASINO NIGHTS/Fund Raising Events

Commissioner Graham said he will have some ideas on a solution for fund raising events out to the commissioners soon. He said the biggest problem he sees with fund raising events is finding a way to open up who can deal. Right now, the organizations can only use their own members as volunteer dealers. He would like to pursue the idea to have professional dealers be able to participate as dealers. **Director Miller** said there was a committee a few years ago that looked at ways of enhancing fund raising events. It's difficult, given the number of people required to put one on successfully and the overhead involved to pay professional dealers. They are allowed to join with other organizations, but spouses are not presently allowed to participate, which could help.

Commissioner Graham agreed that spouses should be allowed in to help, but there is also the element of amateurs not knowing how to handle professional black jack players. There was a handout written by a person in the Tri-Cities that tells how to put on a successful casino night, and he suggested that the Gambling Commission look into possibly publishing and distributing this information. More professionalism is needed for these events to be successful.

Indian Gaming Regulatory Act

Mr. McCoy said he gave the Commissioners a copy of an update on the proposed Congressional amendments to the IGRA. He asked if the commissioners have any questions regarding the summary. **Chairman Tull** said the questions can be addressed at the next Commission meeting and the topic discussed further.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Randy Baierl, Northern Lights Bingo, said he visited a bingo game in the state of Oregon and saw some of the controls they have in place. There are fewer controls than in Washington state, although the halls themselves prefer to keep a close eye on paper trails. He said Oregon is in the process of adopting some laws that are almost parallel with Washington State gambling laws. He said he pointed out that the proposals are similar to Washington laws, and the person said that's because they are copying Washington's laws. **Mr. Baierl** commended the Commission for its rules and the hard work put into regulating bingo. **Commissioner Graham** said the Task Force had held a meeting in Vancouver, and people from Oregon came and presented

their system. The legislators from the state of Washington were appalled at how little control there was in Oregon. **Sen. Prentice** thanked Mr. Baiert for his comments and said some of the types of gambling in Oregon would never be allowed here.

Chairman Tull adjourned the meeting.

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Secretary